

POLICY & CORPORATE AFFAIRS

POLICY BULLETIN

DATE: 27 February 2018

1.0 Update on Everett Assignments

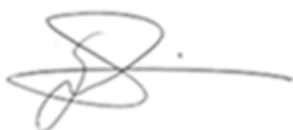
CPA Australia recently met with the Australian Taxation Office (ATO) on behalf of members to find out more about the ATO's suspension of the 'Assessing the risk: Allocation of profits within professional firms' and the Everett assignment web material in December 2017. Members had advised us that the change had effectively left them in limbo, and they needed more information on the ATO's suspension decision.

The ATO has now provided us with the following additional information.

- The ATO had stated that the guidelines would be reviewed in 2017.
- The review and the decision to suspend the Guidelines was due to concerns with a number of different partnership, company and trust arrangements using a variety of different alienation techniques that went beyond the initial intent of the Guidelines.
- In addition to related party financing arrangements and the use of self-managed superannuation funds, the ATO had concerns that firms may not be operating in a manner consistent with their constituent documents, and that some changes to arrangements were not implemented correctly.
- The review has also identified other high-risk behaviour including behaviour included restructuring to access the Guidelines with little regard being paid to capital gains tax, structuring to access the small business CGT concessions, as well as 'add-on' features to a 'vanilla' Everett assignment.
- The ATO is reviewing its guidelines on the allocation of profits within professional firms in consultation with interested stakeholders including CPA Australia, and further ATO advice is expected to be finalised in June 2018.
- Changes to the ATO's administration will not be determined until after it has consulted with interested stakeholders.
- Taxpayers who intend to enter into new arrangements from the suspension date of 14 December 2017 cannot rely on the suspended guidelines. Those who have entered into arrangements which comply with the guidelines before 14 December 2017 can rely on those guidelines until an updated ATO view is provided at the end of the consultation process.
- The ATO encourages any taxpayers proposing to enter into a new arrangement, or those who are uncertain about how the law applies to their existing circumstances, to contact the ATO as soon as possible, through the ProfessionalPDTs@ato.gov.au mailbox.

In addition to Paul Drum, our head of policy, you can contact CPA Australia's representative on the Guideline review, Michael Parker at Michael.Parker@hallandwilcox.com.au for any further information or clarification.

Yours sincerely



Stuart Dignam
General Manager – Policy & Corporate Affairs

RESOURCES

Policy & Corporate Affairs – Professional resources

CPA Australia continues to represent its members and has an ongoing relationship with key regulatory, statutory and professional standards bodies.

Current consultations and CPA Australia policy submissions can be found at:

<https://www.cpaaustralia.com.au/media/consultations-and-submissions>

Other professional resources can be found at: <https://www.cpaaustralia.com.au/professional-resources>

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